

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2688 – SB 2625

February 5, 2010

SUMMARY OF BILL: Requires all fees, fines or other penalties owed to the Alcoholic Beverage Commission (ABC) to be paid before a license renewal can be issued for any manufacturer, distiller, wholesaler, retailer, winery, collector, direct shipper, or any establishment providing on-premises consumption.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Exceeds \$3,400/General Fund

Decrease State Revenue – \$17,600/ABC Fund

Increase State Expenditures – Not Significant

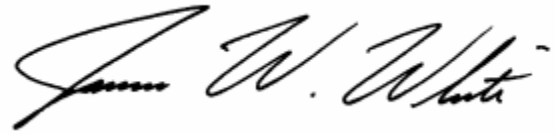
Assumptions:

- According to the ABC, 1,705 citations were issued in 2007, 1,877 in 2008, and 1,445 in 2009.
- According to the ABC, the average collection rate during 2007 and 2008 was 91 percent.
- The minimum fine for individual violations, liquor-by-the-drink violations, retail and winery violations, wholesaler violations and manufacturer violations is \$100.
- There will be 1,675 citations issued in 2010 resulting in a total fine amount that will exceed \$167,500 (1,675 x \$100).
- This bill will increase ABC collections to 93 percent of all citations issued in 2010 resulting in a total collection of \$155,775 (\$167,500 x 93%) and a recurring increase revenue to the state general fund of \$3,350 [\$155,775 – (167,500 x 91%)].
- Approximately 117 licensees will not pay the required fine and therefore not renew their license. The average license renewal is \$150 to the ABC Fund.
- There will be a recurring decrease in license renewal fees to the ABC Fund of \$17,550 (\$150 x 117 licenses).

- Any cost to the ABC to change its collection policies will not be significant and can be accommodated within existing resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

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